FHA SINGLE FAMILY HOUSING



NEWS

NEWS AND UPDATES

TO: All FHA-Approved Mortgagees

What's New

HUD Releases "Blueprint for Access" strategy including:

- HAWK (Homeowners Armed With Knowledge) for New Homebuyers Pilot
- A New Lender Supplemental Performance Metric posted for feedback

Learn More

The U.S. Department of Housing and Urban Development (HUD) is committed to providing access to mortgage credit to qualified borrowers as a means of building wealth and stabilizing communities. Today, HUD released its strategy for providing borrowers access to credit through the, "Blueprint for Access" at http://portal.hud.gov/hudportal/documents/huddoc?id=BlueprintAcess5_9_2014.pdf.

This strategy relies on two central components. The first is a pilot program called Homeowners Armed with Knowledge (HAWK) that allows mortgage insurance premium (MIP) reductions for first time homebuyers who commit to housing counseling. The second component relates to enhancements to our Quality Assurance processes including a new supplemental metric that will measure a lender's FHA portfolio performance through a broader analysis of its risk relative to FHA's risk tolerance. We invite feedback on both of these initiatives. See below for more details.

HAWK

FHA recognizes the need to address barriers to homeownership for qualified homebuyers. Today, the HUD Office of Housing Counseling announced that a Notice will be published in the *Federal Register* requesting comment on a four year housing counseling pilot called, "HAWK for New Homebuyers." HAWK makes qualified, first time homebuyers eligible for reductions in their mortgage insurance premiums (MIP) as long as they participate in a comprehensive housing counseling process.

Specifically, FHA proposes that borrowers who complete housing counseling before signing a contract to purchase a home and who complete additional pre-closing housing counseling will receive a 50 basis point reduction in the upfront FHA mortgage insurance premium (MIP) and a 10 basis point reduction in the Annual FHA MIP. Borrowers who have no serious delinquencies and complete post-closing counseling will get an additional 15 basis point annual MIP reduction for the remainder of the mortgage, after the first 24 months from closing.

During the first of two pilot phases, FHA will select a limited number of lenders, servicers and housing counselors to participate. For those interested, the Notice describes the criteria and process HUD will use for selecting pilot participants. Phase Two of the pilot will expand the program to all lenders, servicers and housing counselors.

The public may submit comments for 60 days from the issuance of the *Federal Register* Notice later this week. For immediate access to the Notice, see the following site: www.hud.gov/lenders.

LENDER SUPPLEMENTAL PERFORMANCE METRIC

As part of the effort to enhance quality assurance processes, FHA is proposing to implement an additional metric to evaluate lenders, the "Supplemental Performance Metric". The purpose of this metric is to provide a more transparent picture and a broader analysis of a lender's performance, and will be used in the context of the Credit Watch Termination Initiative only as an additional compensating factor after the Compare Ratio is calculated in accordance with current policy. The inclusion of the Supplemental Performance Metric in this analysis reflects FHA's belief that a number of factors are relevant to and indicative of a lender's performance, and that a lender's story cannot be summarized by only its Compare Ratio.

For more information on the Supplemental Performance Metric, see link at: http://portal.hud.gov/hudportal/HUD?src=/program offices/housing/sfh/SFH policy drafts

FHA encourages your feedback on this proposal. Please submit all comments to SFfeedback@hud.gov by Friday, June 13th, 2014.

RESOURCE INFORMATION		
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